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FM AMEMBASSY KUALA LUMPUR
TO RUEHC/SECSTATE WASHDC IMMEDIATE 1751
INFO RUCNASE/ASEAN MEMBER COLLECTIVE PRIORITY
RUEHAK/AMEMBASSY ANKARA PRIORITY 0154
RUEHBJ/AMEMBASSY BEIJING PRIORITY 2524
RUEHBY/AMEMBASSY CANBERRA PRIORITY 2644
RUEHLO/AMEMBASSY LONDON PRIORITY 0492
RHEHNSC/NSC WASHDC PRIORITY
RUEKJCS/SECDEF WASHDC PRIORITY
RHFMUNA/CDR USPACOM HONOLULU HI PRIORITY

C O N F I D E N T I A L KUALA LUMPUR 000889

SIPDIS

FOR EAP, EAP/MTS AND INR

E.O. 12958: DECL: 10/08/2013

TAGS: PGOV PREL PINR MARR KDEM MY

SUBJECT: PRIME MINISTER ABDULLAH TO STEP DOWN IN MARCH

REF: A. KUALA LUMPUR 858 - ENDGAME FOR ABDULLAH

1B. KUALA LUMPUR 833 - SEPT 18 SETBACK

Classified By: Political Counselor Mark D. Clark, reason 1.4 (b and d).

11. (C) Prime Minister Abdullah Badawi announced late on October 8 after a meeting of the ruling National Front (BN) coalition that he would not seek reelection as the president of the United Malays National Organization (UMNO) in the March 2009 party elections. By stepping down as UMNO president, Abdullah by tradition also will relinquish his role as Prime Minister. Abdullah explained that he was stepping down because, "I do not want a divided party or a divided government." He reportedly added, "I know I've not been doing well; it's time for someone else to take over." According to an Embassy contact who spoke with several participants in the closed-door meeting, none of the BN leaders spoke up in favor of Abdullah remaining in office.

12. (U) Abdullah told reporters he believed BN leaders would accept Deputy Prime Minister Najib Tun Razak as his successor and that Najib would win election as UMNO's next president. The Prime Minister said he would not pick a candidate for UMNO Deputy President/Deputy Prime Minister. Abdullah also indicated he would attempt to see through a number of reforms before he stepped down in March. As word leaked out of Abdullah's announcement, Opposition leader Anwar Ibrahim released a press statement that argued, "it would be an unmitigated disaster for the nation if Najib Tun Razak were to become Prime Minister."

13. (C) Comment: Abdullah's decision was widely anticipated following his failure to gain support for his plan to remain in office until 2010 and calls from him to step down during successive meetings of the UMNO Supreme Council, September 18 and 26. Abdullah's decision came seven months to the day after UMNO and its coalition suffered their poorest electoral performance ever in the March 8 national elections, losing five states to the opposition and dipping below the two-thirds threshold in Parliament needed to amend the constitution. The electoral setback initiated an intense leadership struggle within UMNO featuring calls for Abdullah's resignation. The overwhelming victory by Anwar Ibrahim in a late August by-election increased the pressure on Abdullah. We cannot rule out the possibility that Abdullah leaves office earlier than March 2009. Septel will offer more information and analysis of the Prime Minister's decision to step down.

KEITH